

Message Text

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ACTION ARA-10

INFO OCT-01 EUR-12 NEA-09 ISO-00 AGR-05 XMB-02 FRB-03

LAB-04 SAB-01 ACDA-05 OES-03 PA-01 PRS-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 USIA-06 SAM-01 SP-02 SS-15 STR-04 TRSE-00 FEA-01

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P R 152044Z MAY 75

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 7758

INFO AMEMBASSY CARACAS

AMEMBASSY TEHRAN

AMEMBASSY VIENNA

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E.O. 11652: N/A

TAGS: ENRG, OPEC, MX IR

SUBJECT: MEXICAN INTEREST IN OPEC MEMBERSHIP

REF: MEXICO 4212 (NOTAL)

BEGIN SUMMARY: PRESIDENT ECHEVERRIA HAS NOW GIVEN PUBLIC INDICATION OF HIS INTEREST IN JOINING OPEC. HE DISCOUNTS ANY POSSIBILITY OF U. S. TRADE RETALIATION.END SUMMARY.

1. IN A JOINT PRESS CONFERENCE GIVEN AT THE DEPARTURE OF THE SHAH OF IRAN FOR THE UNITED STATES THE SHAH STATED "FOR US IT WOULD BE A GREAT PLEASURE TO RECEIVE MEXICO INTO THAT ORGANIZATION" (OPEC); IT WENT ON TO SAY THAT MEXICO HAD TO MAKE THE DECISION ABOUT HOW MUCH OIL IT COULD EXPORT SINCE OPEC MEMBERS ARE EXPORTING COUNTRIES. PRESIDENT
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ECHEVERRIA IN TURN REPLIED THAT MEXICO WOULD "PARTICIPATE

IN THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) IF IT IS FORMALLY INVITED, BUT IN THE MEANTIME WILL CONTINUE TO GIVE ITS APPROVAL TO ITS (OPEC'S) DECISIONS, WHICH HAVE BEEN UP TO NOW FAIR AND EXPEDIENT."

2. ECHEVERRIA'S STATEMENT, WHILE ACKNOWLEDGING THAT MEXICO'S EXPORTS DO NOT COMPARE WITH MOST OPEC MEMBERS', WAS THE FIRST CLEAR INDICATION THAT THE GOM MAY BE MOVING TOWARD MEMBERSHIP IN THE PRODUCER ORGANIZATION. THE GOM HAS CONSISTENTLY DENIED INTEREST IN FULL OPEC MEMBERSHIP SINCE EXPORTS COMMENCED IN SEPTEMBER OF LAST YEAR AND THIS POLICY WAS REITERATED ONLY A FEW DAYS AGO BY SECRETARY NATIONAL PATRIMONY ALEJO AT AN AIRPORT NEWS CONFERENCE UPON HIS DEPARTURE FOR YUGOSLAVIA.

3. IN DISCUSSIONS WITH PEMEX AND VENEZUELAN CONTACTS, EMBOFF WAS INFORMED THAT NEITHER OPEC-MEMBER VENEZUELA NOR PEMEX OFFICIALS APPEAR TO HAVE BEEN INFORMED OF ANY CHANGE IN GOM POLICY, LENDING CREDENCE TO THEORY ECHEVERRIA WAS CONVICTED BY SHAH OF IRAN DURING HIS VISIT THAT MEXICO COULD PLAY AN IMPORTANT ROLE IN OPEC (SEE REFTEL). PRESIDENT ECHEVERRIA COMMENTS THAT MEXICO EXPORTS ARE STILL LOW APPEARS TO BE STALLING ACTION PENDING FORMAL ASSURANCES OF OPEC INVITATION AND MEXICO'S ACCEPTANCE. VENEZUELAN COLLEAGUE INFORMED EMBOFF THAT ONLY REQUIREMENT FOR OPEC MEMBERSHIP IS TO EXPORT "AN IMPORTANT PART" OF NATIONAL PRODUCTION. HE SAID MEXICO IS ALREADY IN SAME CLASS AS OPEC MEMBER ECUADOR.

4. VENEZUELAN APPEARS TO BE SLIGHTLY MIFFED THAT PRESIDENT PEREZ WAS UNABLE TO CONVINCE ECHEVERRIA TO JOIN WHILE SHAH OF IRAN APPARENTLY HAS DONE JUST THAT. IN ANY CASE, MEXICO NOW HAS TWO PROMINENT NON-ARAB SUPPORTERS (VENEZUELA AND IRAN) IN OPEC AND AN INVITATION TO JOIN SEEMS ASSURED. IRAN REPORTEDLY WANTS MEXICO AS NON-ARAB COUNTERWEIGHT TO SAUDI ARABIAN LEADERSHIP.

5. WHEN ASKED ABOUT POSSIBLE U.S. RETALIATION FOR JOINING OPEC ECHEVERRIA EMPHATICALLY REPLIED "THAT GHOST (FANTASMA) HAS ALREADY VANISHED." ECHEVERRIA FURTHER NOTED THAT CONGRESS-LIMITED OFFICIAL USE

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IONAL ACTION IS ALREADY UNDERWAY TO REMOVE THE RESTRICTIVE CLAUSES DIRECTED AT ECUADOR AND VENEZUELA AND THAT HE EXPECTED "PROGRESSIVE FORCES" IN THE U.S. TO FIGHT TO REMOVE THE "UNJUST COMMERCIAL REPRISALS."

6. EMBASSY COMMENT: AS THE TRADE ACT NOW STANDS, MEXICO WOULD STAND TO LOSE ANY TRADE PREFERENCES UNDER TITLE V OF THE TRADE ACT SHOULD IT ACCEPT OPEC MEMBERSHIP. IF

HR 5897 INTRODUCED BY CONGRESSMAN GREEN IS PASSED, BEFORE
THE U.S. PREFERENCE SYSTEM IS IMPLEMENTED, THEN OF COURSE
ECHEVERRIA IS RIGHT THAT MEXICO'S COMMERCE WITH THE U.S.
WILL NOT BE AFFECTED. WE STILL SEE SOME POTENTIAL RISK TO OUR
BILATERAL RELATIONS IF MEXICO JOINS OPEC BEFORE GREEN AMENDMENT
OR EQUIVALENT LEGISLATION IS ADOPTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, INTERNATIONAL ORGANIZATIONS, EXPORTERS, MEMBERSHIP APPLICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MEXICO04213
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750171-0684
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750549/aaaabskt.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 MEXICO 4212
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2003 by ElyME>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEXICAN INTEREST IN OPEC MEMBERSHIP
TAGS: ENRG, MX, IR, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006